

HON. MARCY KAPTUR
Â OF OHIO
IN THE HOUSE OF REPRESENTATIVES
WEDNESDAY, MARCHÂ 1, 2006

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Ms. KAPTUR. Mr. Speaker, my Special Order this evening concerns the proposed acquisition of Dubai Ports World of the leasing contracts for several major U.S. ports on the east coast. And in relation to that, I have sent letters to the Treasury Inspector General and to the committee of jurisdiction here in the House, the Government Reform Committee, asking both those entities to review any conflict of interest regarding the participation of the U.S. Secretary of the Treasury, John Snow, who chairs the Committee on Foreign Investment, the group which approved the recent contract with Dubai Ports World. I will place these two letters of request in the **RECORD**.

The letters ask the committee and the Inspector General to determine whether appropriate processes were followed, conflicts of interests explored, and whether or not American companies were solicited during that process. The Treasury agreement itself raises serious ethical questions regarding those directly responsible for this decision. In particular, given that Dubai Ports World acquired CSX World Terminals in 2004 for \$1.15 billion, a company of which Secretary of the Treasury John Snow was chair prior to coming to the administration, and this should raise serious questions both about the acquisition of the CSX port operations and the recent awarding of this contract.

As chair of the U.S. Treasury Committee on Foreign Investment, Secretary Snow and the Treasury Department had the lead authority in approving the Dubai transaction. Secretary Snow holds a deferred compensation package and a special retirement pension from his days as CEO of CSX Corporation. In 2004 CSX World Terminals was acquired by Dubai Ports World, the successful bidder on this contract. But given that Secretary Snow had previously disclosed a deferred compensation package with CSX valued at between \$5 million and \$25 million and \$33.2 million from a special retirement pension, one would expect that any financial benefit from the sale of CSX World Terminals to Dubai Ports World, including any stock holdings, would have been revealed, especially if there might be any residual from subsequent actions such as these.

The President's assertion that he had polled his Cabinet Secretaries on the Dubai deal causes concern for me that at least one, Secretary Snow, should have removed himself from the decision, given his business connections to CSX and Dubai.

On 9/11, two members of the hijack team that simultaneously downed the Twin Towers in New York City and killed hundreds of Americans at the Pentagon were from the United Arab Emirates. And as the 9/11 Commission reported, those same terrorists laundered much of the money for their operation through the United Arab Emirates-controlled banks.

We should ask instead of developing our own companies to manage our own U.S. operations, why should we settle for the revolving door that has skilled people move from one company to another, creating a pea-in-the-shell game that leaves the public wondering who is in charge and does anyone care? And, importantly, is America for sale at any price?

Secretary of the Treasury John Snow was CEO of CSX just about a year before CSX sold some of its international operations to Dubai Ports World. Was this billion-dollar deal done totally after he left, or was it already in the works while he served as CEO of that company? Why is it that no one at Treasury said that Secretary Snow recused himself from this transaction until they were called about it? Secretary Snow himself claimed not to have known about the deal. How can someone not know about a deal from which they should recuse themselves?

The White House has appointed David Sanborn as the new administrator of the Maritime Administration. He worked as Dubai Ports World director of operations in Europe and Latin America until he was appointed to the post in January, the same month the Treasury Department's Committee on Foreign Investment in the United States approved the Dubai Ports World takeover. David Sanborn also previously worked for the CSX Corporation. The revolving door brings him back to a high government position. Some Senators have vowed to block Sanborn's nomination unless he testifies before the Commerce Committee.

CNN has reported that the United Arab Emirates is a major investor in the Carlyle Group, the private equity investment firm where President Bush's father once served as senior adviser and is a who's who of former high-level government officials. Just last year, Dubai International Capital, a government-backed buyout firm, invested \$8 billion in the Carlyle fund.

Another Bush family connection, the President's brother Neil Bush, has reportedly received funding for his educational software company from the United Arab Emirates investors.

And why did George Bush, Sr. accept a \$1 million donation to his library in Texas from the United Arab Emirates?

The material previously referred to is as follows:

CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,

Washington, DC, February 23, 2006.

Hon. **TOM DAVIS,**

Chairman, Committee on Government Reform, Rayburn HOB, Washington, DC.

Hon. **HENRY WAXMAN,**

Ranking Member, Committee on Government Reform, Rayburn HOB, Washington, DC.

DEAR CHAIRMAN DAVIS AND RANKING MEMBER WAXMAN: The recent announcement of a contract being awarded by the U.S. Committee on Foreign Investment in the United States to Dubai Ports World following its purchase of London-based Peninsular and Oriental Steam Navigation Co. is a matter of paramount concern that should be investigated in the national interest.

It raises concerns of national security as the operator will be a foreign interest, most particularly an undemocratic nation from the Middle East that cannot assure infiltrators will not breach security. We know less than 2% of container cargo is inspected today despite Congressional efforts to upgrade the current system. Iran's growing ties with China which ships the majority of its cargo through the Dubai/CSX hub terminal in Singapore complicates the situation.

In addition, the Treasury agreement raises serious ethical questions regarding those directly responsible for this decision. In particular, given that Dubai Ports World acquired CSX World Terminals in 2004 for \$1.15 billion, a company of which Secretary of the Treasury John Snow was Chairman prior to coming to the Administration should raise questions about both the acquisition of the CSX port operations and the recent awarding of the contract. Secretary Snow now chairs the Committee on Foreign Investments in the United States, the very group which approved this contract with Dubai Ports World.

For these reasons, I respectfully urge the Government Reform Committee to conduct an investigation and a series of hearings to learn more about these matters to determine whether appropriate processes were followed, conflicts of interest explored, and whether or not American companies were solicited in this process.

This deal is not in our national interest most especially during a time of war. Foreign management of key U.S. assets endangers the public and our communities in an era where terrorists seek to infiltrate. I hope you will agree with me that a thorough investigation is warranted.

Sincerely,

Marcy Kaptur,
Member of Congress.

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CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,

Washington, DC, February 23, 2006.

Mr. **HAROLD DAMELIN**,
Inspector General, Department of the Treasury, Washington, DC.

DEAR MR. DAMELIN: The recent announcement of a contract being awarded by the U.S. Committee on Foreign Investment in the United States to Dubai Ports World following its purchase of London-based Peninsular and Oriental Steam Navigation Co. is a matter of paramount concern that should be investigated in the national interest.

I respectfully request that your office conduct an investigation into the deliberations by the U.S. Committee on Foreign Investment with particular respect to the legislative requirements established by the Byrd Amendment that requires an investigation in cases where: (1) the acquirer is controlled by or acting on behalf of a foreign government (as is the case in this instance); and, (2) the acquisition "could result in control of a person engaged in interstate commerce in the U.S. that could affect the national security of the U.S." While the Committee's role may have been only to review this particular foreign applicant, I believe it is also important to know what specific action was taken to solicit an American contractor for the management of these several strategic ports, or if there had been consideration given to several different American contractors for each or several of these ports, and who was responsible for this solicitation. Certainly one could reasonably assume that this is an issue that should have been reviewed by the Committee in its evaluation of national security concerns.

Furthermore, it has been noted that the Secretary of the Treasury serves as Chairman of the U.S. Committee on Foreign Investment. In this case, Secretary John Snow had previously served as the Chairman of CSX Corporation, which at the time of his service owned CSX World Terminals. Subsequently CSX World Terminals was acquired by Dubai Ports World, the successful bidder on this contract. Given that Sec. Snow had previously disclosed a deferred compensation package with CSX valued at between \$5 and \$25 million and \$33.2 million from a special retirement pension, one would expect that any financial benefit from the sale of CSX World Terminals to Dubai Ports World, including any stock holdings, would have been revealed, especially if there might be any residual from subsequent actions such as these. I ask that you review this matter to determine if there may have been any conflict of interest in Secretary Snow having presided over the decision, and whether or not he should have recused himself from the proceeding.

I look forward to your response to this request.

Sincerely,

Marcy Kaptur,
Member of Congress.

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